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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 09/17/09

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ARTICLES:

(1) Hatoyama cabinet inaugurated: Vows to end bureaucrat-led politics in first conference as premier; Budget to be compiled before year's end; Intends to build relationship of trust with U.S.

NIKKEI (Top Play) (Excerpts)
September 17, 2009

The Yukio Hatoyama cabinet was launched on the evening of Sept. 16. The government is a three-party coalition government consisting of the Democratic Party of Japan (DPJ), the Social Democratic Party (SDP), and the People's New Party (PNP). This is the first inauguration of a non-Liberal Democratic Party (LDP) administration through an election in 16 years, since the Morihiro Hosokawa administration in 1993. The Hatoyama cabinet will now endeavor to realize its policy manifesto for the Lower House election under the

slogan of ending bureaucrat-led politics. At his first press conference since taking office the prime minister announced, "I will grapple with the drafting of the fiscal 2010 budget according to a schedule that will enable its compilation before year's end." The prime minister at the first cabinet meeting presented a set of basic policies stipulating a framework for politician-led politics. During the discussion the prime minister and cabinet members agreed on the desired nature of their relationship with bureaucrats.

Hatoyama became the nation's 60th prime minister for the 93rd cabinet in elections to nominate the prime minister at plenary sessions of the Lower and Upper Houses held on the afternoon of the 16th. After the election, he immediately entered the Kantei and appointed 17 cabinet members, including Naoto Kan as deputy prime minister. An installation ceremony for the prime minister and an attestation ceremony for the cabinet members by the Emperor were held at the Imperial Palace last evening, formally launching the three-party coalition government.

In a set of basic policies presented at the first cabinet meeting, the prime minister ordered the establishment of a national strategy office to serve as a predecessor of the national strategy bureau responsible for compiling a budgetary framework. The package also notes that the government will make the Japan-U.S. alliance a close and equal one. It also stresses the building of a relationship in which Japan can actively propose specific action guidelines.

Concerning Japan-U.S. relations, the prime minister said at a press conference, "We will adopt a stance of expressing our views without hesitation." However, regarding a summit with President Obama slated

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for later in the month, Hatoyama said, "The main purpose of the meeting is to build a relationship of trust. We will take time in pursuing discussions." He thus hinted at his intention not to raise specific issues, such as a revision of the Japan-U.S. Status of Forces Agreement.

(2) Seats in the Upper and Lower Houses

NIKKEI (Page 5) (Excerpts)
September 17, 2009

House of Representatives	House of Councillors
311 Democratic Party of Japan (DPJ)	118
118 Liberal Democratic Party (LDP)	85
21 New Komeito	21
9 Japanese Communist Party (JCP)	7
7 Social Democratic Party (SDP)	5
5 Your Party -	
3 People's New Party (PNP) -	
3 Group to Protect National Interest and People's Daily Lives -	
3 Independents	4
0 Vacant	2

(3) Deputy Prime Minister Kan to serve as first acting prime minister, Chief Cabinet Secretary Hirano as second

NIKKEI (Page 5) (Full)
September 17, 2009

The government decided in its first cabinet meeting last night the order of priority for cabinet members to serve as acting prime minister if Prime Minister Yukio Hatoyama becomes unable to fulfill his duties due to an overseas visit, illness, or accident. Naoto Kan, deputy prime minister and state minister in charge of national strategy, was picked as the first acting prime minister, followed by Chief Cabinet Secretary Hirofumi Hirano, National Public Safety Commission Chairman Hiroshi Nakai, Finance Minister Hirohisa Fujii, and Justice Minister Keiko Chiba. After the formal meeting, the cabinet ministers held an informal meeting during which they decided to return ten percent of their salaries (for August).

(4) Editorial: Prime Minister Hatoyama should address expectations of people who hoped for change of government

With the election of Democratic Party of Japan President Hatoyama as head of the 93rd cabinet, the coalition government of the DPJ, the Social Democratic Party and the People's New Party was launched. The new administration was inaugurated with the DPJ scoring a historic landslide victory in the Lower House election, capturing 308 seats. We want Prime Minister Hatoyama to address expectations of people who hoped for a change of government and steadily produce results.

The DPJ in its policy manifesto pledged to realize politician-led politics, in which the ruling parties take responsibility. A new attempt to change relations between politicians and bureaucrats and the policy-making mechanism of the long-lasting LDP administration started.

Move to review relations between politicians and bureaucrats

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Prime Minister Hatoyama appointed his aide Hirofumi Hirano as chief cabinet secretary, a key post in the cabinet, and Naoto Kan as state minister responsible for the national strategy bureau, which will serve as the key policy-making body. Kan, who will double as senior vice minister, is the number two person in the cabinet.

Hirohisa Fujii, who once served as finance minister, assumed his former portfolio. Yoshito Sengoku, a policy expert, assumed the post of state minister for the administrative reform council. Mid-ranking lawmaker Akira Nagatsuma was appointed minister of the Health, Labor and Welfare Ministry, which is responsible for the pension issue. With the exception of those showcase appointments, the cabinet lineup gives the impression the prime minister has put together a rock-solid cabinet with consideration for achieving good balance in the party. The idea of picking for the cabinet people from the private sector has been put on hold. Establishing the national strategy bureau, which will be tasked with formulating basic policies for budgetary compilation, will require an amendment to the relevant law. The government will cope with this situation by setting up a national strategy office for the time being. However, since its authority is unclear, there is fear confusion will arise. Role-sharing between the chief cabinet secretary, a coordinator among various government agencies, and State Minister Kan, responsible for the national strategy bureau, will be a major issue. It is important for the prime minister, Kan, and Hirano to closely liaise with one another and coordinate views on various policies.

The Hatoyama administration must tackle such things as rebuilding the economy, compiling a new growth strategy and reforming the social security system in response to the low birthrate and aging society. A point of concern is that the postal privatization policy might be watered down because of the appointment of PNP President Shizuka Kamei as state minister for financial affairs and postal reform. Structural reforms, such as regulatory reforms, are essential for turning around the economy. It is unforgivable to allow structural reforms to stall.

The compilation of the fiscal 2010 budget is the first crucial test for the new administration. The change in administration is a good opportunity to eliminate constraints. We want the government to boldly press ahead with efforts to eliminate wasteful spending and review the inflexible distribution of budgetary funds.

However, new policy measures slated to be implemented in the next fiscal year alone, including the payment of 50 percent of the child allowance, will cost 7.1 trillion yen. It is unclear whether such a sum can be secured through slashing wasteful spending. There is a risk of rising interest rates if the shortage is to be covered with the additional issuance of government bonds. We urge the government to compile a budget in a flexible manner, while paying attention to economic trends as well. The budget must be compiled before year's end without fail so as to prevent a delay from affecting the economy.

The Hatoyama administration abolished the vice ministerial meeting

as a symbol of (the start of) politician-led politics. Whether the cabinet ministerial committee to be newly set up can serve as a policy-making forum depends on the cabinet ministers' capability. It is desirable if the government ends the practice of reshuffling posts on a regular basis. It is desirable for each cabinet member to serve as long as possible.

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In order for the cabinet to unify the policy-decision processes under its wing, its relations with the party are also important. The DPJ intends to newly establish a party leaders' council consisting of Prime Minister Hatoyama, Secretary General Ichiro Ozawa, and others as a supreme decision-making organ responsible for steering the Diet. It must not give rise to a two-tier power structure involving Ozawa.

Prime Minister Hatoyama will soon visit the U.S. to attend the UN climate change summit, the UNSC summit on nuclear nonproliferation and nuclear disarmament, and the G-20 Summit in Pittsburgh.

Before he took office as prime minister, Hatoyama announced a policy of setting a mid-term goal of cutting greenhouse gases to 25 PERCENT below the 1990 level. This is a switch from the Aso cabinet's policy of cutting such gases to 8 percent below the 1990 level. This announcement has impressed upon the international community that power has changed hands in Japan. Hatoyama's ability to engage China and India in an international framework for greenhouse gas emission reductions by using his bold mid-term goal will be put to the test.

Dispel concern over relations with U.S.

The Hatoyama administration raises concern about relations with the U.S. Prime Minister Hatoyama plans to hold his first meeting with President Obama during his upcoming visit to the U.S. The DPJ does not plan to extend Japan's refueling operation in the Indian Ocean, which is set to expire next January, but the U.S. government is asking Japan to reconsider. Concerning U.S. force realignment, including Futenma Air Station relocation, there are also differences in views between the U.S., which calls for the implementation of the agreement made between the two governments, and the new administration.

The prime minister said in his inaugural speech that building a relationship of trust with the President is the first step. Actions to maintain the robust Japan-U.S. alliance are indispensable in order to achieve that goal.

In order to secure a majority in the Upper house, the DPJ has formed a coalition with the SDP and the PNP, with which there is a wide gap in diplomatic and security policies. This has become a disturbing factor for the new administration. Given the election results, it is only natural for the DPJ to take leadership in steering the administration. The SDP and the PNP need to practice self-control instead of sticking to their own policy stances.

When the DPJ confronts the SDP or the PNP over diplomatic and security policies, Prime Minister Hatoyama needs to be shrewd enough to seek cooperation from the opposition Liberal Democratic Party and New Komeito.

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